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FOREIGN AGRICULTURE

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U.S. Foods Catching On in Sweden

Argentina's Long-Range Farm Policy

July 7, 1969

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This week's cover:

A photogenic Swedish girl tastes U.S. canned pineapple at a consumer cooperative chain store that held two separate promotions for American foods in 1969—one for fresh produce and one for processed foods. A summary of U.S. prospects on the Swedish food market begins on page 8.

Clifford M. Hardin, Secretary of Agriculture
Clarence D. Palmby, Assistant Secretary for International Affairs and Commodity Programs
Raymond A. Ioanes, Administrator, Foreign Agricultural Service

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Subject: Latin America

Agricultural trade with Latin America was the principal subject as USDA's agricultural attachés came from their posts in Central and South America last week for a 4-day conference in Washington, D.C. Secretary of Agriculture Clifford M. Hardin, members of his staff, and Members of Congress were among the conferees. Discussions focused on major agricultural commodities that move in inter-American trade—including wheat, corn, cotton, beef, fruits and vegetables, and sugar.

It was the most comprehensive look the Department has taken in several years at U.S.-Latin American agricultural trade which, in its two-way flow, amounts to nearly $2½ billion a year.

Above, Assistant Secretary Palmby at right; left, attachés (l. to r.) Dodson of Argentina and Rowan of Chile; ERS Latin American Specialist, Howard Hall. Left, attachés (l. to r.) McDonald, Brazil; Rowan; Thorburn, Colombia.

Agriculture Secretary Hardin opens conference of U.S. agricultural attachés to Latin America. Also at speakers' table were Raymond A. Ioanes and Don Paarlberg.

Argentina's Long-Range Farm Policy

A recent speech—summarized for Foreign Agriculture *by the U.S. Agricultural Attaché in Buenos Aires, Joseph C. Dodson—was perhaps the first serious effort by a high Argentine official to show farmers the economic bases for the government's stance on agricultural problems.*

A major address delivered this spring by Dr. Adelbert Krieger Vasena, who was then Argentina's Minister of Economy, represents the most comprehensive statement on Argentine farm policy since the present administration came into power in June 1967. It also apparently represents the government's current thinking on agriculture, for after the change of ministers that took place later in the spring, the new Minister of Economy announced his intention of continuing the economic policies of his predecessor.

General economic situation and policy

Dr. Krieger Vasena began his May 23 speech by outlining the government's overall economic policies—based first of all, he said, on monetary stability, to bring inflation under control. In this process, the goal was equality of treatment among the various economic and social sectors, so that no one sector would benefit at the expense of others from the policies adopted. Parallel with the policy of stabilization was that of a sound and sustained economic expansion.

The Minister noted the following "encouraging results" achieved by the stabilization program of the past 2 years:

- An increase of close to 5 percent in the gross national product in 1968 and of 6.4 percent in January-March 1969.
- An increase in international monetary reserves, to the highest level in 20 years.
- The strengthening of public finances.
- The launching of an important program of investment in the country's infrastructure.
- The existence of adequate financial liquidity to stimulate economic growth while preserving stability.

Turning to agriculture, the Minister said that the government is working energetically and continuously to eliminate the obstacles, internal and external, that have long retarded agriculture in Argentina and to promote the agricultural modernization and development that are vital for the national economy. Increased farm production and exports, he said, will inevitably bring a higher standard of living for rural people. Along with increased income, there must be improvements in rural housing and education.

The Minister pointed out that the "new conditions" of the Argentine economy make possible financial support for production. Other basic elements of the agricultural policy are the advancement of technology, now being ably promoted by INTA (the National Institute of Agricultural Technology) and CREA (the Argentine Federation of Regional Societies for Agricultural Experimentation); improvements in the marketing process; and an aggressive export policy, backed by a favorable negotiating position based on accumulation of stocks.

The Minister commented that the program of public investment in the infrastructure—including such projects as roads, bridges, electric power installations and distribution networks, irrigation, and communications—is facilitating the production and marketing of farm products. The recent new gasoline tax of 7 pesos per liter provides financing for the extensive highway program.

He also stressed the new and encouraging framework for agriculture that the economic stabilization program has built, particularly in the leveling off of production costs. With the achievement of stability in prices for what the farmers must buy, they should understand, he said, that future increases in their income will not come from automatic increases in the support prices for what they sell—as during the inflationary period—but rather from further lowering of production costs and a higher volume of sales. Argentina has reached the stage where prices should be regulated by market factors. This concept, valid not only for agriculture but for other economic sectors, points up the growing importance the Argentine Government is attaching to improvements in technology, buying policies, and sales promotion.

Details on credit and taxes

Specific measures announced by the Minister to assist agriculture included a lowering of interest rates on government loans, reductions in liabilities under the new land tax, and a pledge of further reductions in export taxes.

The Bank of the Nation is lowering interest rates on loans to farmers for fixed investments (purchases of land, machinery, breeding stock, and the like) from 11 percent to 10. In special areas designated for development, the rate is being lowered from 9 percent to 8.

The government, said the Minister, recognizes the problems the farmers have because of differing tax policies at the national, provincial, and municipal levels. To improve this situation, and to bring about a balance in the farm tax structure, the national government coordinated with the provincial governments the land tax it recently imposed. An exemption from this tax was originally applied to farms of not more than 3 million pesos in value (about $8,500). The tax provision has now been altered to include progressive reductions in liabilities for farms valued at between 3 million and 6 million pesos ($17,000). This change will benefit more of the small farmers. Also, neither the tax rate nor the property valuations will be increased during the 3 years that the tax will be in effect.

Left, trucks assemble at entrances of underground silo to load; above left, buildings of the Argentine Grain Board, which has broad powers over grain prices and marketing; above right, wheat being loaded for export.

On the export tax, the Minister said that the government had fulfilled its commitment for progressive reduction and that further reductions would be made as necessary. Export taxes on agricultural products were instituted with devaluation of the currency in March 1967, to prevent domestic price rises and other economic distortions.

Wheat trade policy

Argentina, said the Minister, must increase its relative share of world trade in primary products such as wheat—a share that has been declining in recent decades because of decreases in export availabilities. Although the growth of world trade in agricultural products—including wheat, corn, meat, wool, and vegetable oils—has been substantial, Argentina has lost markets to other countries that were increasing production and exportable supplies.

The Minister's judgment was that an annual average wheat production of 10 million metric tons should be Argentina's minimum share in the world production total. Such a level would provide an additional 3 million tons for export, a volume that would be no problem to sell on foreign markets, he said.

Beginning with the next harvest, the Minister reported, a minimum carryover stock of wheat will be accumulated, in a volume that will permit Argentina to fulfill its export trade commitments in orderly fashion, minimizing the effects of variable weather conditions on production levels.

Wheat marketing measures

The National Grain Board will have full financial backing to purchase all wheat offered at the support price, the Minister said. Thus, an increase in production will lower prices, but raise producer incomes. Improved payment terms are to be offered by the Board for wheat of the 1969-70 crop—90 percent of the price on delivery against 70 percent previously.

For the 1969-70 crop, the Board will put into effect a "warrant" system similar to the warehouse receipt system used in the United States. This system relieves the farmer of the necessity of marketing his crop immediately after the harvest in order to have cash for operating expenses.

Because of the recent extension of wheat cultivation to the northern parts of the country (where the crop matures earlier), the Board will begin its purchase operations on October 1, instead of November 1 as before.

Storage facilities are being steadily expanded to accommodate greater production and exports. New terminal elevators are being constructed and credits provided for building silos in the interior. The government has also taken steps to assure adequate seed supplies for the new wheat planting (April-August); the Board is buying up to 500,000 bags of wheat suitable for seed use, for sale to farmers at fair prices.

Meat trade policy

The Minister said that Britain, contrary to an impression current in the livestock trade, continues to be an important outlet for Argentine meat. What has occurred is a fundamental change in the structure of the trade. Whereas chilled quarters of beef formerly predominated, most Argentine beef is now shipped as special cuts, at higher value. In 1968 the price of chilled quarters was $522 per ton; that of cuts, $912.

The Minister reported that negotiations were going on with the United Kingdom for a reduction in the tariff on boneless beef and that the government was confident of an early agreement resulting in a substantial increase in exports of special cuts. He also said that an agreement with Spain, virtually concluded, would provide for exports of 55,000 tons of Argentine beef to that country over the next 2 years.

A technological transformation is taking place in the packing industry to adjust to the new trends in the meat trade, according to the Minister. This change is permitting Argentina to enter dynamic markets that have high purchasing power. One such market, said the Minister, is the United States, where in 3 years the value of meats imported from Argentina has increased from $18 million to $70 million.

But, he stressed, possibilities of increasing Argentine meat sales to such markets depend today more than ever upon rigorous regulations dealing with animal health and hygiene and adequate installations for proper processing in the meat-packing plants. This is why the use of chlorinated pesticides has had to be prohibited, the residues they leave in the

meat having been judged harmful to human health. If producers persist in using these materials, there is a grave risk that importing countries will close their markets to Argentine meat, with losses—both to the national economy and to the livestock producers—easily imagined. Realizing the problem farmers face in combating insects without the chlorinated pesticides, the government has allotted 300 million pesos (about $850,000) to assist in the campaign.

The government is also working intensively to perfect the system of meat sanitation inspection in the packing plants, in an effort to comply with the requirements of the countries most important to Argentina's meat exports.

Export diversification, export promotion

A number of products that until recently were insignificant in Argentina's export trade now have a combined export value in the tens of millions of dollars. These include processed meats, dried and preserved fruits and vegetables, prepared foods for direct consumption, concentrated fruit juices, wines, and mixed feeds for livestock. There is no reason, the Minister commented, why exports of these and similar agricultural products cannot be increased in open competition with other countries that have higher costs of production.

The government's effort to gain new markets seems to be bearing fruit, with the possibility of wheat sales to Japan and of cooked-frozen meat sales to that country and to Canada—two markets with strong purchasing power. To promote its exports, Argentina has resumed regular participation in international fairs and expositions.

To protect its more traditional markets, Argentina is negotiating with the European Community; and it maintains permanent communication with the United States on agricultural trade problems common to the two countries.

The Minister's speech was designed to reassure Argentina's agricultural community that its interests were being fully taken into account in the formulation of government policies.

Many farmers, however, found that the speech fell short of their expectations; they had hoped for the announcement of more extensive measures of encouragement to agriculture. Initial public reaction from farm groups was critical. While acknowledging the constructive tone of the message as a whole, they still felt that the government's policies have favored other economic sectors at the expense of agriculture. The influential Argentine Rural Society criticized the continuation of export taxes and the imposition of the new land tax; it said that the rural sector asks only equitable treatment that provides reasonable prices, to avoid the decapitalization of agriculture and to permit reinvestment and modernization.

The speech came on the heels of a government announcement that support prices for 1969-70 crop wheat would remain the same as for the previous crop. This was a disappointment to the farmers and provided an unfavorable psychological setting for the Minister's message. In view of the failure to increase the wheat price support, his call for an annual production of 10 million tons of wheat appears optimistic. Since increases in yields can come only slowly, any increase in production from the present average of about 7 million tons would have to come from a larger planted area. It seems more likely, however, that the 1969-70 area not only will not increase, but may even decrease.

A point of undoubted significance was the statement of the government's intention to augment carryover stocks of wheat. This would be a real gain to the country's marketing program. In the past the policy has been to export as much as possible each year, with little regard to carryover. This meant that when production fell off—and Argentina's erratic climate makes yields highly uncertain—supplies for export were sharply decreased. This instability of supply has worked against the maintenance of steady markets, and a larger carryover would help smooth out these supply variations.

Argentine meat from field to fair. Below, cattle on improved pasture; at far right, animals entering the corral; right, Argentine Meat Producers Corporation (CAP) displays at an Australian trade exhibit the various types of beef being offered for export by Argentina's meat industry.

Left, Israeli strawberry specialist Chanan Geisenberg checks plants. Above, boxes made of styrofoam used for exporting. (Photos by author)

Israel's New Export—Winter Strawberries for Europe

By MICHAEL E. KURTZIG
Foreign Regional Analysis Division
Economic Research Service

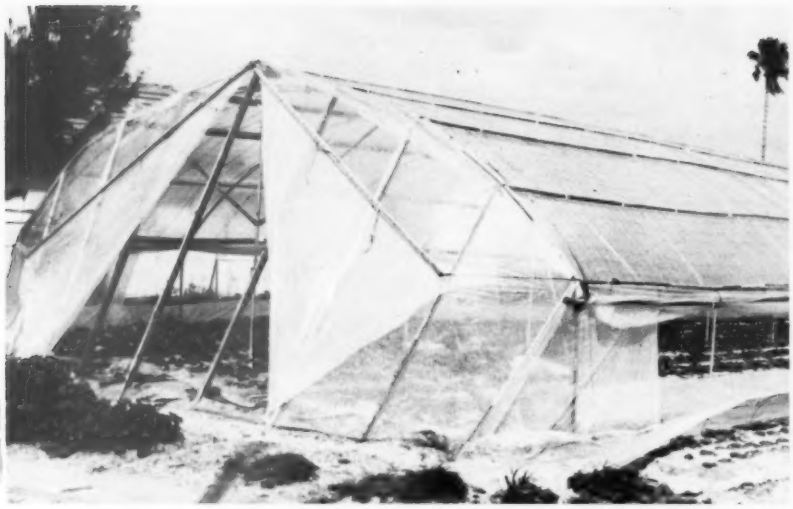
From January until May boxes of strawberries marked "Product of Israel" can be found on grocery shelves in West Germany, France, Sweden, and elsewhere in Western Europe right next to U.S. and Mexican berries. This exporting venture earned Israel about US$500,000 in valuable foreign exchange during 1968.

The Israelis have been in the strawberry exporting business for about 3 years. During the first 3 months of 1967 the country shipped 148 tons of fresh strawberries to Europe; in 1968 the figure more than doubled to 340 tons. Through May of this year Israel's shipments to the European market were 60 percent higher for a total of more than 550 tons. These figures compare with U.S. shipments of about 1,000 tons each in 1967 and 1968 and slightly less through March 1969 because of a production lag. U.S. strawberry exporting to Europe is small scale despite the good market potential, mostly because of stiff price competition and also because the California-based industry is geared for the domestic market.

Less than one-third of the strawberries grown in Israel are exported; and Europe is the only market. Production last year was about 2,000 tons compared to 1,460 in 1967, 300 in 1955, and a mere 36 tons in 1949.

To make their winter strawberry growing profitable, the Israelis use a system that protects the delicate plants from damaging rain, hail, birds, and cold weather. Cultivation under plastic has been tried on peppers, eggplants, lettuce, tomatoes, celery, squash, melons, and flowers for export, and is now successfully being used on strawberries. Some 3,700 acres of winter vegetables and fruit are now grown under plastic in Israel.

Left, delicate strawberry plants protected from the weather in a plastic hothouse. Side flaps are up to circulate air.



Left, outside view of a hothouse; above, strawberry picker and rows of mature plants with plastic covers rolled back.

Here is how the system works. Strawberry plants (the Israelis use California varieties Tayoga and Sequya) are planted in rows through small holes in either clear or black plastic. Clear plastic, which seems to be preferred, increases strawberry yield by 10 percent but encourages weed growth as well. Black plastic reduces weed growth 10 percent, but usually cuts berry yield too. Plants are irrigated by perforated hoses laid along the bedrows, allowing proper moisture control and prudent use of water.

Clear plastic sheets are suspended over the rows of plants to protect them from severe weather and to conserve heat when the air temperature drops below 54°. On warm, sunny days the plastic covers are removed.

Some farmers prefer plastic hot houses to the individually covered rows, even though the houses are substantially more expensive to build. Labor costs are less in houses, however, and strawberry yield is usually higher.

Strawberry growing is a family affair in Israel. The average plot is small and cultivated by the owner or his help. At harvest, which is continuous for about 5 months, local help is hired to pick berries. Sorting and packing are done on the premises, frequently by the women of the house, with packing done according to strict regulations. Blemished fruit is unacceptable for export. Once packed, the strawberries are shipped to the airport and flown directly to European markets within hours.

Hong Kong Grain Imports Decline During 1968

Total imports of food- and feedgrains by Hong Kong traders in 1968 declined about 4 percent from 1967. The decline was due primarily to a 107,000-ton reduction in rice imports, 25 percent below last year. Wheat and flour (grain equivalent) in 1968 totaled 214,000 tons—up 22 percent—and feedgrain imports were 144,000 tons—an increase of 44,000 tons.

Rice. Hong Kong produces only a minimal quantity of rice, and the culture of this commodity has become less important to the local farm economy in recent years. Rice production in 1967-68 totaled about 13,500 metric tons, down 12 percent from the 1963-65 average. This amount accounted for only 4 percent of total consumption.

The government authorized large rice imports during 1967 to build stocks which could be used as a buffer against retail prices. Also, these stocks could be available as a food reserve since there was a general decline in availability of other food products. However, after economic and political stability was reassured to some degree, imports fell to a normal total of 314,000 tons during 1968, of which 41,000 tons were from the United States. Due to the availability and lower prices of Thai rice, and the 30 percent guaranteed market of the Chinese Communists, large quantities of U.S. rice will be precluded during 1969.

Wheat. Imports of wheat and flour (grain equivalent) in 1968 were a record 214,000 tons, up 22 percent from 1967. The substantial increase was in response to the continued upward trend in domestic consumption of wheat foods and expectations of milling wheat into flour for increased exports. The expected expansion in flour exports did not occur.

Australia supplied 102,000 tons, or 47 percent of the total. Japan was the second largest supplier with 39,000 tons, all in the form of flour. Imports from the United States totaled 27,500 tons, 93 percent of which was wheat. High-protein Dark Northern Spring is about the only type of U.S. wheat currently being imported.

Feedgrains. Total imports of feedgrains in 1968 were 144,000 tons, of which 142,000 tons were corn. The expanding poultry industry in Hong Kong brought about the increase of 44,000 tons of corn. Thailand improved its share of the corn market to 90 percent by shipping 52,000 tons more in 1968 than during 1967. Cambodia replaced Indonesia as the second largest supplier.

In addition to the coarse grains imported, 46,000 tons of other animal feed products were imported during 1968. Prepared feed imports from the United States were 20,000 tons.

—HORACE E. SEARS, *Grain and Feed Division, FAS*

Right, sampling U.S. canned figs at the Kooperative Förbundet; above, selling American fresh vegetables at the department store Nordiska Kompaniet.

U.S. Foods Are Passing the Taste Test in Sweden

Sweden, the most affluent of European countries, is becoming an increasingly important market for U.S. foods because of several factors. The Swedish economy is shifting away from agriculture, population is becoming concentrated in large urban centers where shoppers can find sophisticated food selections, convenience foods are increasing in popularity because of the large percentage of employed women, consumers are quality conscious, and most important of all, Swedes are being exposed to a variety of attractive American products.

Shape of Sweden's food market

About 25 percent of private consumption spending in Sweden is for food and nonalcoholic beverages. Of this amount, about one-third was spent in 1967 for imported products; so imported foods and drinks already have a respectable place in Swedish diets.

Imports tend to be items that cannot be economically produced in Sweden (midwinter fruits and vegetables, tropical fruits, rice), goods for which supply falls short of demand (poultry and red meats), and dehydrated, frozen, canned, or otherwise preprocessed foods that are not available from local food manufacturers.

Although Swedish diet is rapidly becoming more like that of the United States, especially in the consumption of meats and vegetables, it still differs in some important ways. The average Swede eats twice as many potatoes per year as does a U.S. citizen, half as much meat, only one-third as many fruits and vegetables, but four times as much fish.

Another trend in Sweden is the increasing proportion of self-service stores and supermarkets. By the end of 1966 about 75 percent of all retail food stores were self-service (8,359 shops), and 560 outlets were supermarkets. The supermarkets handled 18 percent of total food turnover in Sweden. Supermarkets especially feature variety in foods, including imported items, to attract customers.

But in spite of the demand for imported foods, Sweden is not an easy market for the food exporter to break into. Swedish retail food outlets are mostly controlled by a small number of store groups which are highly competitive with each other. These store groups are well aware of another facet of the Swedish food market—the loyalty of the average Swedish housewife to a brand product she has already found satisfactory in price and quality. In other words, it is usually both expensive (for large amounts of advertising, point-of-sale demonstrations, and sampling) and something of a gamble to introduce an unfamiliar product or a new brand of a known item.

Past U.S. performance

The United States had already been feeling its way into the Swedish market before St. Erik's Fair, the biggest recent exposure of U.S. foods in Sweden, in the fall of 1968. Some of the products that had been doing best are listed below.

U.S. exports of frozen cooked poultry meat rose from US$75,000 in calendar year 1964 to $543,000 in 1968. For the first 4 months of 1969 U.S. exports were $241,000—up markedly from the 1968 level for the same period. (Frozen uncooked U.S. poultry is barred from Sweden because of the Swedish fear of infection by Newcastle disease.)

U.S. long-grain rice had also done well. Exports from the United States to Sweden

Tasting grapefruit juice at display of American convenience foods.

increased in value from $469,000 in 1959 to $744,468 in 1968. Rice used to be consumed in Sweden only in sweet desserts; now it is gaining acceptance as a replacement for potatoes. Actually, more U.S. rice arrives in Sweden than is indicated by the value figures given. Considerable quantities of U.S. rice are shipped to nearby countries that reexport to Sweden.

Sales of fresh fruits and vegetables from the United States have advanced rapidly in recent years. In fiscal year 1955 U.S. sales were negligible; in 1968 they were $812,982. Fruits and vegetables are brought to Sweden by airfreight, and the high-volume items are strawberries, lettuce, celery, carrots, peppers, onions, and tomatoes.

Exports of other U.S. fresh, frozen, canned, and processed foods rose in value from $13 million in 1959 to almost $20 million in fiscal year 1968. The chief sales were of canned citrus juices, fruit cocktail, and peaches.

Outlook for U.S. sales

At a time when Swedes are ready to buy more concentrated, specialized, and preprocessed foods, more fresh fruits and vegetables, and more meats, Americans are on the spot and are engaging in a hearty campaign to capture Swedish taste buds.

After the favorable reception given U.S. foods at the Stockholm International Trade Fair (St. Erik's) in September 1968, USDA's Foreign Agricultural Service and its cooperators rolled ahead with a program of point-of-sale promotions that have now covered six of the eight major retail food store chains in Sweden plus a department store group. The second largest retail chain, a consumers' cooperative, had two separate promotional activities.

While it is still too early to give total results from the U.S. 1968-69 point-of-sale promotions, certain trends and opportunities are becoming apparent. Potential U.S. sales appear to be greatest for fresh, canned, and frozen vegetables and for preprocessed and frozen foods.

Swedes are already the top European users of frozen foods (about 12 lb. per person per year), and sales of freezers and refrigerators with freezing compartments are increasing in Sweden. Local frozen foods could receive stiff competition from U.S. products because of the variety and quality of U.S. frozen foods.

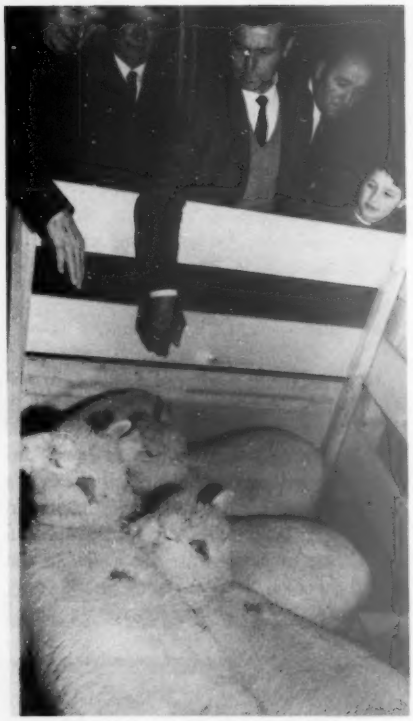
How well the United States can do in the Swedish vegetable market depends on a number of factors. Sales of fresh fruits and vegetables will depend on how efficiently and dependably they can be airfreighted to Sweden. Sales of canned and frozen items will be affected by the competition from other areas, effectiveness of advertising U.S. products, and how well the prospective goods are adapted to Swedish tastes.

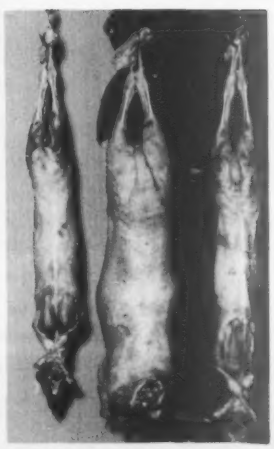
New sales item

A hopeful new U.S. export may be chilled beef. The Swedish Veterinary Board has opened the door to imports of this commodity, which attracted very favorable Swedish response at the St. Erik's Fair and at a top restaurant chain in Stockholm, where it was featured for a week concurrently with the Fair. In the past, Swedish import rules made only imports of U.S. frozen beef practical.

Above, display of U.S. fresh vegetables and fruits at one of the supermarkets of a large consumers' cooperative features strawberries, radishes, red bell peppers, and iceberg letture; below, a good-natured housewife takes home a U.S. snack trove.

Italian Lamb the American Way





By WILLIAM F. DOBBINS
Assistant U.S. Agricultural Attaché, Rome

Abbachio (pronounced "a-baack-key-o"), or spring lamb, is an Italian delicacy especially desired for the Easter season. Traditionally, Italian spring lamb has been milk fed to about 30 to 45 days of age and then slaughtered at a weight not exceeding 20 pounds. One such lamb provides less meat than does a medium-sized American turkey. Many a would-be feaster has found abbachio not only a delicacy but in short supply.

A series of promotions this spring in Italy, jointly sponsored by the USDA's Foreign Agricultural Service (FAS) and the U.S. Feed Grains Council, however, is attempting to lure Italians into a different pattern of lamb marketing and consumption. Lamb feeding trials, exhibitions of live animals, and festivals have been featured to encourage a taste for and production of heavy lambs, or lambs weaned early and then fed on cereals (mostly corn) until slaughter at 90 days of age and about 60 pounds.

The U.S. Feed Grains Council and FAS hope that the end result will not only be more spring lamb for Italians but increased purchases of U.S. feed ingredients.

Heavy lamb promotion has been aimed at the Foggia area, the center of Italian sheep production, although activities in other regions have also been sponsored.

On March 1 and 2 a Heavy Lamb Festival was held in Pugno Chiuso. Government officials, hotel and restaurant owners and managers, caterers, chefs, butchers, and others attended a conference on heavy lambs, inspected live animals and carcasses, and finally, ate a lot of U.S.-grain-fed lambs. Animals for the Heavy Lamb Festival were fed at the Foggia area Fontanarosa Farm.

From April 28 through May 8 live heavy lambs were exhibited at the Foggia Fair, the second largest agricultural fair in Italy. They attracted considerable attention. Earlier in the year heavy lambs were shown at the Verona Agricultural show, the biggest in all Italy.

Although not all of the feeding trials have been completed, Italians are already impressed with the demonstrated rapid weight gains, impressive live-weight condition, and the high-quality meat from U.S.-grain-fed lambs. All major lamb producers near Foggia are now using some cereal supplement for feeding their lambs. The one feed plant near Foggia is rapidly increasing its sales of complete lamb feeds and has started manufacturing a complete pelletized lamb ration. Several other feed plants are studying the Foggia area as a possible new sales ground.

In appreciation for American work with heavy lambs, Robert C. Tetro, U.S. Agricultural Attaché, Rome, and Bruno Biseo, Assistant Director for U.S. Feed Grains Council, Rome, were presented with a plaque on May 7 by the Livestock Producers Association of Foggia.

Above, heavy lambs at the Verona Agricultural Show. To left, comparison of 30-day milk-fed lamb (l.), 90-day grain-fed lamb, and 12-month grass-fed lamb (r.). Below, hosting chefs at the Heavy Lamb Festival.

CROPS AND MARKETS SHORTS

Weekly Report on Rotterdam Grain Prices

Current prices for imported grain at Rotterdam, the Netherlands, compared with a week earlier and a year ago, are as follows:

Item	June 24	Change from previous week	A year ago
	Dol. per bu.	*Cents per bu.*	*Dol. per bu.*
Wheat:			
Canadian No. 2 Manitoba	1.93	0	2.05
USSR SKS-14	1.84	0	1.88
Australian Prime Hard	1.87	0	(1)
U.S. No. 2 Dark Northern Spring:			
14 percent	1.91	+3	1.97
15 percent	1.92	+1	2.03
U.S. No. 2 Hard Winter 14 percent	1.93	+1	1.98
Argentine	(1)	(1)	1.91
U.S. No. 2 Soft Red Winter	1.71	+2	1.74
Feedgrains:			
U.S. No. 3 Yellow corn	1.46	0	1.31
Argentine Plate corn	1.59	−1	1.50
U.S. No. 2 sorghum	1.24	0	1.26
Argentine-Granifero	1.26	+2	1.30

[1] Not quoted.

Note: All quoted c.i.f. Rotterdam for 30- to 60-day delivery.

Cotton in Kenya

Annual cotton production in Kenya has been around 20,000 to 25,000 bales in recent years. However, an ambitious goal of nearly double this season's crop has been set, to be achieved in 3 or 4 years. Before World War II cotton was the leading cash crop, but drought and pests have reduced the cotton crop to as low as the 8,000 bales produced 8 years ago.

The Kenyan textile industry has consumed about 8,000 to 10,000 bales of cotton for the past 3 years and employs around 700 workers. In July 1968, plans were announced for building two mills which will have the capacity to consume around 10,000 to 12,000 bales of cotton annually. One of the plants can produce polyester-cotton blends.

Kenya, until 1966, exported all the cotton that it produced. In 1967-68 about 12,000 bales of cotton were exported, primarily to Japan, West Germany, Mainland China, and Hong Kong.

Cotton production, processing, and marketing are controlled by the Cotton Lint and Seed Marketing Board and prices paid to producers are regulated under the price-support system.

New Australian Dairy Product

Faced with depressed world markets for traditional dairy products, the Australian dairy industry is seeking new markets in Asia and Africa for the sale of newly developed products. The latest result of the new-product research is a granular milk protein known as coprecipitate which has found a small but rapidly expanding market in Japan. Exports of these coprecipitates to Japan in the 1968-69 fiscal year are expected to reach nearly 4.5 million pounds, worth about US$1.1 million.

Granular milk proteins are manufactured from skim milk, using a new continuous-flow process which recovers about 95 percent of the protein contained in milk. About 33 pounds of skim milk are required to produce a pound of milk-protein granules. When they reach Japan the granules are dissolved in alkali (other ingredients may be added, depending on the end use), and a fine water-soluble powder is produced which can be used in such products as cakes, confectionery, and noodles.

The price of milk-protein granules is attractive—only a fraction of the cost of buying the same amount of protein in the form of good-quality meat. Consumption of milk-protein granules is expected to increase in Japan, since they enhance the quality and consumer appeal of many food products now on the Japanese market and meet the high-quality standards demanded by Japanese buyers.

The Australians' exports of granular milk proteins have so far been limited almost exclusively to Japan, but they are making market studies in other countries and feel that prospects for expanding exports are good. In marketing, the nutritional advantages of coprecipitates must be complemented by the development of a range of products with properties to suit various food-processing techniques.

Potato Shortage in Chile

Chile is experiencing a potato shortage caused by drought. With the potato harvest just completed, the Chilean Ministry of Agriculture estimates a need to import about 1.3 million hundredweight of Irish potatoes to meet domestic requirements in 1969.

Swiss Cigarette Output Rises

Production of cigarettes in Switzerland during 1968 rose to a record of 20.5 billion pieces, 10.5 percent over the previous year and 1.5 billion over the previous record set in 1965. Government figures also indicate that total sales are shifting to the American-blend cigarette, with 49 percent, followed by the all-Maryland cigarette, with 39 percent. While the Swiss consumer still prefers the Maryland smoke, most export and tourist trade consists of the American-blend cigarette.

Ceylon's Tea Crop Higher

Ceylon's tea production during the first quarter of 1969 totaled 123.6 million pounds, up 4 percent from the same period in 1968. The 1968 crop was a near-record 495.6 million pounds.

Under the Export Duty Rebate Scheme, the government has increased the rebate payable on Colombo Auction teas from 5 Ceylon cents per pound to 15 cents on Medium and Low-Grown teas, effective May 5, 1969. The rebate on High-Grown teas is to remain unchanged at 5 cents per pound.

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World Bank Extends Loans for Agricultural Projects

The World Bank Group has recently approved loans for the financing of agricultural and highway improvements in Indonesia, livestock development in Zambia and Paraguay, port improvements in Liberia, and agricultural development in Colombia.

The International Development Association (IDA) has extended to Indonesia credits of $16 million for agriculture and $28 million for highways, for terms of 50 years, interest free, with a service charge of ¾ of 1 percent. This marks the first large-scale lending operations to be undertaken by the World Bank Group in Indonesia. Earlier credits of $7 million financed technical assistance and an irrigation project. The $16-million IDA credit for agriculture will provide half the funds needed to rehabilitate and develop two groups of government-owned estates which encompasses 174,000 acres of rubber and oil palm area in North Sumatra.

Rehabilitation of Indonesia's highway network, which is in poor condition because of years of neglected maintenance, is urgently needed if the country's plans to increase food production are to materialize and if large investments to replace failing roads are to be avoided.

Zambia has received a $2.5 million, 15-year loan at 6½ percent interest which will assist in financing the first phase of a long-term livestock development program, consisting of the development of 12 beef cattle ranches and five dairy farms located throughout the country. The primary objectives are to increase production of beef and dairy products for Zambia's internal consumption—a third of the country's requirements are now imported at an annual cost equivalent to $8 million—and to improve breeding stock.

Paraguay has received a $4.3-million Bank loan for 30 years at 6½-percent interest and a $4.3 million, 50-year, interest-free IDA credit which carries a service charge of ¾ of 1 percent. The Bank loan and IDA credit will help to finance the third stage of a livestock-development program under which loans are made to ranchers for ranch-development plans, and for the purchase of breeding stock; and to contractors for imported heavy machinery to construct water facilities, and to clear land. The purpose of the program is to increase productivity by the application of modern techniques. It is considered of paramount importance to Paraguay's economic development since beef production is the country's principal industry and accounts for more than a third of the foreign exchange earnings.

The Bank has loaned the Republic of Liberia $3.6 million for 15 years at 6½ percent interest. This loan will assist in financing the dredging of the port of Monrovia to a depth of 45 feet to accommodate ships of up to 90,000 deadweight tons, compared with the maximum of 45,000 d.w.t. it can now handle. The loan will also finance the purchases of harbor craft, navigational aids, and management assistance to the newly established National Port Authority which will execute the project.

The project will reduce transportation costs of shipping iron ore, which accounts for 70 percent of Liberia's exports, thus improving the competitive position of Liberian ore in world markets.

A Bank loan has been made to Colombia for a term of 15 years with interest at 6½ percent. The loan will assist a 4-year agricultural credit program for the development of approximately 2,500 medium-sized farms in the Departments of Tolima and Valle. The Colombian Government will relend the proceeds of the loan to the Colombian Institute for Agrarian Reform (INCORA) which has primary responsibility for implementing the project. INCORA is an autonomous public institution established in 1961 to carry out a program to redistribute land, settle and develop potentially valuable but uncultivated land, and increase agricultural production. The Bank loan also includes funds to carry out a study of the feasibility of irrigation in the Cesar River Valley, a program which may eventually result in the irrigated development of about 148,000 acres.

Canadian Grain Aid Proposal

Canada's Agriculture Minister H. A. Olson recently announced that he hopes to win government approval for a selective program to aid hard-pressed Prairie grain growers. The purpose of the program would be to equalize as far as possible the cash flow between farmers who are holding the kind of grain not moving in the market and those having what the market wants. Support payments would be made as a sort of advance against future deliveries.

Minister Olson is pressing for the selective approach because he thinks it can do the most good at a time when the government is keeping a close, anti-inflation guard on the Treasury.

He has indicated that the proposed scheme is intended as a temporary, rather than permanent, measure.

The proposal has the following features:

- Adoption of a standard-minimum payment based on a certain number of bushels per acre of grain to be delivered by the farmer to the elevator.
- Producers whose grain is of a grade that is not in market demand, and hence undeliverable, will be eligible to receive cash payments up to the minimum level set.
- When demand for this grain develops the advance-support payments can be applied as part payment for grain when it is delivered.

—By ANSEL S. WOOD
Grain and Feed Division, FAS

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